

Government of the District of Columbia
Department of Housing and Community Development



Tenant Purchase Requirements at the Time of Application to DHCD

(Effective as of January 23, 2009)

1. In the case of a DHCD seed money loan, a property needs assessment must be completed with the loan proceeds. The needs assessment will include the rehabilitation required to meet District Building Codes.
2. Proposed members of the development team must be selected at the time of application for acquisition or construction financing. At minimum, this team must include a development consultant and an attorney committed to the project.
3. For permanent financing, other funding Sources must be identified, evidenced by a Letter of Interest or Term Sheet from an outside lender.
4. In the event that bridge financing is required, application for the DHCD loan shall be submitted simultaneously or earlier than the application for Bridge Financing. Ideally, tenant associations will have already discussed the deal with DHCD to determine if a bridge loan is required due to timeline or other extenuating circumstances.
5. The Tenant Association must be interviewed by DHCD staff.
6. A Statement of Interest from Board of Tenant Association/Tenants must be submitted.
7. Board of Directors' Experience (may require a non owner with asset management experience to be a voting or advisory member of the Board for the first 2-3 years of co-op/condo operations, consistent with condo/cooperative statute).
8. By-Laws and Board Succession Plan required.
9. Tenant Income Survey required. This must, at minimum, include all tenants who have expressed interest in being members of the cooperative or condominium.
10. Certified Membership Statement and Payment of dues, Board minutes, and attendance records must be submitted.
11. Evidence of establishment of bank account by the tenant association.
12. Past two years of annual rent rolls must be submitted.
13. Evidence that all other options have been discussed and explored, including reverting to/remaining under rent control, moving, assignment of rights, conversion to cooperative, or conversion to condominium, and that this is the best solution. Examples of evidence include a board resolution and/or feasibility study.
14. Submission a plan commensurate with the term of District financing for the property which includes financial plan, repayment strategy, management plan, board training plan, refinance plan, capital improvement strategy, marketing strategy, homeowner screening, training and education, rules and regulations.
15. Evidence of community support (ANC letter or other community support letters).

16. An anti-displacement plan must be developed to limit displacement of existing residents. Reasonable efforts should be made to accommodate tenants who wish to participate in the tenant purchase.
17. Property Manager must be acceptable to DHCD at the time of closing.
18. Appraisal of property required by time of closing.
19. The unit must be the owner's primary residence.
20. DHCD requires the utilization of the HUD definition of affordable housing when determining carrying charges for residents in cooperatives earning greater than 30 percent of the area median income (HUD defines affordable housing as up to 30% of monthly income). Exceptions to the 30 percent of income rule may be considered for residents earning less than 30% of AMI. This may result in an increase of tenants' rents/carrying charges to these limits when asking for DHCD funds. However, carrying charges may not exceed the market rate, regardless of income.